



United States Department of the Interior

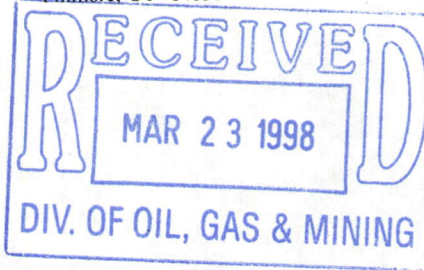
BUREAU OF LAND MANAGEMENT
HOUSE RANGE/WARM SPRINGS RESOURCE AREA
35 East 500 North
Fillmore, UT 84631



IN REPLY REFER TO:
3800
(U-055)
UTU-072860

March 20, 1998

CERTIFIED MAIL # Z 432 442 569
RETURN RECEIPT REQUESTED



DECISION

NEAL JENSEN
MANAGING PARTNER
B.E.G. RESOURCES LLC
PO BOX 361
NEPHI UT 84648

: 43 CFR §3809
: NOTICE OF NONCOMPLIANCE
:

Notice of Failure to submit a Plan of Operations and a Bond

On November 12, 1997, a field compliance inspection of B.E.G. Resources' (formerly Western States Minerals) Dog Valley limestone quarry revealed that the operation had exceeded five acres of surface disturbance. You were informed by certified letter that a Plan of Operations (Plan) was required and were allowed 60 days from the date of receipt to submit the Plan and a reclamation bond. You received the letter on November 22, 1997. On January 20, 1998, you were given a three week extension to submit the plan, making the due date February 11, 1998. The Utah Division of Oil, Gas and Mining (UDOGM) gave you a deadline of March 9, 1998 to submit the reclamation surety, and this office agreed to give you until that date to submit the Plan to us. On March 17, 1998, you telephoned and spoke with Sheri Wysong and Ron Teseneer about a discrepancy between what this office and what your surveyors had calculated the disturbed acreage to be. On March 18, 1998, Ron Teseneer met with you on site and confirmed that the surface disturbance exceeded five acres. You then promised to fax the Plan to this office by the end of the day.

As of the date of this notice, we have not received the Plan. You are in violation of the following regulations:

43 CFR 3809.1-4(a): A Plan of Operations is required for any operation which exceeds five acres of surface disturbance.

43 CFR 3809.1-9(a)(2): No operator or claimant shall [c]onduct operations under a plan of operations without providing the authorized officer with the appropriate financial guarantee.

We will allow 15 days from the receipt of this letter for you to submit the Plan to this office. The reclamation surety may be submitted to UDOGM, but it must be submitted within 15 days of this letter.

Should you fail to comply with the requirements that have been detailed above within the required time frame, you will be considered to have established a Record of Noncompliance. If a record of noncompliance is established, section 3809.1-9 of the regulations requires that a plan of operations must be submitted within 30 days under for all existing and subsequent operations that would otherwise be conducted pursuant to a notice (3809.1-3). In addition, you will have 90 days to post with the Utah State Office a financial guarantee for all existing disturbances for which they are responsible. Failure to timely submit the financial guarantee (bond) will result in withdrawal of

approval for all existing mining activity. Continuation of mining activity, without submission of the required financial guarantee may result in fines, or imprisonment or both. Actions to correct the items identified in the notice of noncompliance must be approved by the Resource Area or District Office prior to filing a financial guarantee. Financial guarantees held by the State will not be acceptable for operators or mining claimants that have established a record of noncompliance. The reclamation bond amount calculated for a noncompliance situation must also be certified at the operator's or mining claimant's expense by a third party professional engineer registered to practice within the State of Utah.

In accordance with 43 CFR §3809.4, you have the right of appeal to the Utah State Director. Direct correspondence to:

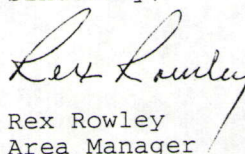
Utah State Director
Bureau of Land Management
P.O. Box 45155
Salt Lake City 84145-0155.

If you exercise this right, your appeal must be accompanied by:

1. The name and address of the appellant,
2. The name and serial numbers of any involved mining claims, and
3. A statement of reasons for the appeal and any arguments you wish to present, which would justify reversal of modification to this decision.

Your appeal must be filed in writing at this office within thirty (30) days after you receive this decision. This decision will remain in effect during the appeal unless a written request for a stay is granted.

Sincerely,


Rex Rowley
Area Manager

cc: Terry Steele, 296 N Center, Santaquin, UT 84655
Robert Steele, 1055 N 400 E Nephi, UT 84646